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SANDERS MORRIS HARRIS GROUP ACQUIRES MAJORITY EQUITY INTEREST IN SMALL CAP VALUE MANAGER

HOUSTON - APRIL 2, 2004 – Sanders Morris Harris Group Inc. (NASDAQ: SMHG), a leading diversified financial services holding company, announced that it has purchased a 69% interest in Charlotte Capital. Employees of Charlotte Capital will retain 31% of the acquired company, and will have an opportunity to expand that ownership interest over time. Charlotte Capital, based in Charlotte, North Carolina, manages approximately \$400 million in assets for institutional investors in small cap value and mid cap value styles. The transaction, which furthers Sanders Morris Harris Group's entry into the institutional market, will bring SMHG's total assets under management to \$7.5 billion.

Although terms of the deal were not disclosed, SMHG expects the transaction to be accretive to its current year earnings.

"Our goal is to be the leading Southwestern financial services firm serving affluent investors. Charlotte Capital adds a highly respected value component to that strategy," stated Robert E. Garrison II, President of SMHG. "With it, we offer clients a range of asset management investments and services that cover the entire risk/reward spectrum."

Rob Mathai, Managing Partner of Charlotte Capital stated, "Our association with SMHG and its highly qualified professional staff will enable us to better serve our existing clients while providing a solid platform for future growth."

George L. Ball, Chairman of SMHG, commented, "We are proud that high caliber professionals such as Rob Mathai and Ron Saba, Chief Investment Officer, have elected to join with SMHG. We look forward to supporting them in their endeavor to continue to achieve superior investment results."

SMHG is a diversified financial services holding company based in Houston, Texas. It provides investment banking services and manages over \$7.5 billion in client assets. Its operating entities are Sanders Morris Harris, Salient Partners/Pinnacle Trust, SMH Capital Advisors, Inc. and Kissinger Financial Services. Additional information is available at www.smhgroup.com.

In addition to the historical information, this press release contains certain forward-looking statements under federal securities laws, including statements regarding Sanders Morris Harris Group's expected future business prospects, revenue and income. These forward-looking statements are based upon current expectations and involve certain risks and uncertainties that could cause actual results to differ materially from any such statement. These risks and uncertainties, many of which are beyond the company's control, include but are not limited to (1) trading volume in the securities markets; (2) volatility of the securities markets and interest rates; (3) changes in regulatory requirements which could affect the demand for the company's services or the cost of doing business; (4) general economic conditions, both domestic and foreign, especially in the regions where the company does business; (5) changes in the rate of inflation and related impact on securities markets; (6) competition from existing financial institutions and other new participants in the securities markets; (7) legal developments affecting the litigation experience of the securities industry; (8) successful implementation of technology solutions; (9) changes in valuations of the company's trading and warrant portfolios resulting from mark-to-market adjustments; (10) dependence on key personnel; and (11) demand for the company's service. The company does not undertake any obligation to update or revise any forward-looking statement.

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